

ORIGINAL NEW APPLICATION



SOUTHWEST GAS CORPORATION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

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G-01551A-15-0026

**Re: Southwest Gas Corporation
Application for Approval to Revise the Rate Collected Through its Demand-Side Management Adjustor Mechanism
Docket No. G-01551-A-15-**

Southwest Gas Corporation (Southwest) herewith submits for filing an original and thirteen (13) copies of its application requesting approval to revise the rate collected through its Demand-Side Management Adjustor Mechanism.

If you have any questions or comments regarding the attached, please do not hesitate to contact me at 602-395-4058.

Respectfully submitted,

Matthew D. Derr
Regulatory Manager, Arizona

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH – Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION
OF SOUTHWEST GAS CORPORATION
FOR APPROVAL TO REVISE THE RATE
COLLECTED THROUGH ITS DEMAND-
SIDE MANAGEMENT ADJUSTOR
MECHANISM.

DOCKET NO.: G-01551-A-15-

APPLICATION

APPLICATION

Introduction

1. Southwest Gas Corporation ("Southwest Gas" or "Company") hereby submits its application to the Arizona Corporation Commission ("Commission") respectfully requesting approval to revise the rate collected through the demand-side management ("DSM") adjustor mechanism.

2. Southwest Gas is a corporation in good standing under the laws of the state of Arizona, is a corporation duly organized, validly existing, and is qualified to transact intrastate business.

3. Southwest Gas' corporate offices are located at 5241 Spring Mountain Road, Las Vegas, Nevada 89193-8510. Communications regarding this filing should be addressed to:

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4. Southwest Gas is a public utility subject to the jurisdiction of the Commission pursuant to Article XV of the Arizona Constitution and the applicable chapters of Title 40 of the Arizona Revised Statutes ("A.R.S."). Southwest Gas currently serves approximately 1.9 million customers in the states of Arizona, California, and Nevada. Approximately 54 percent of the Company's customers are located in the state of Arizona, including portions of Cochise, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Pima, Pinal, and Yuma counties. For operational purposes, Southwest Gas' Central Arizona division is headquartered in Phoenix and its Southern Arizona division is headquartered in Tucson.

Background

5. The Commission issued Decision No. 60352 approving a settlement in Southwest Gas' 1996 general rate case, which included the establishment of a DSM adjustor mechanism. Pursuant to Decision No. 60352, Southwest Gas was directed to file a request each year to set the DSM rate to recover the projected costs of its Commission-approved DSM and conservation and energy-efficiency programs. The Commission's Utilities Division Staff ("Staff") and Southwest Gas collaborated on a process in which Southwest Gas would file its request each year by the end of January to enable Staff sufficient time to perform its analysis for a rate adjustment. The revised rate is to become effective April 1 of each year.

6. Southwest Gas filed a request January 30, 2014 in Docket No. 14-0027 seeking to revise the DSM rate effective the first billing cycle in April 2014. To address the under-recovery that existed in the DSM adjustor balancing account and to account for the Company's projected spending, Southwest Gas sought to increase the DSM rate from \$0.007791 to \$0.01003 per therm. On March 19, 2014, the Commission issued Decision No. 74409 whereby it ordered that the DSM rate be reset to \$0.01 per therm.

7. Southwest Gas filed an application June 3, 2013 requesting approval of its Energy Efficiency and Renewable Energy Resource Technology Portfolio

Implementation Plan ("Years Three and Four EE & RET Plan") in compliance with the Gas Utility Energy Efficiency Standards and as part of Southwest Gas' commitment in the settlement agreement in its general rate case application (Docket No. 10-0458). The Years Three and Four EE & RET Plan consisted of seven programs with proposed annual budgets totaling \$7.5 million and \$6 million, respectively, that were designed to achieve approximately 4,874,208 therms or therm equivalents in energy savings during Year Three and approximately 3,863,936 therms or therm equivalents in energy savings during Year Four.

8. In Decision No. 74300, the Commission approved an annual budget totaling \$4.7 million for Year Three and an identical budget amount for Year Four. The Commission further approved the continuation of five of the seven proposed conservation and energy-efficiency programs.

Request to Revise the DSM Rate

9. In accordance with Decision No. 60352, Southwest Gas hereby requests to revise its DSM rate to reflect Southwest Gas' projected conservation and energy-efficiency program costs for the rate effective period of April 1, 2015 through March 31, 2016.

10. As previously mentioned, in Decision No. 74300 Southwest Gas received Commission approval of five conservation and energy-efficiency programs, with a combined approved budget totaling \$4.7 million for Year Four. The programs are as follows: *Smarter Greener Better*[®] ("SGB") Homes program; SGB Custom Commercial (Business) Rebates program; SGB Distributed Generation program; SGB Low-Income Energy Conservation ("LIEC") program (comprised of LIEC – Weatherization and LIEC – Bill Assistance components); and SGB Solar Thermal Rebates program.

11. Southwest Gas continues to make efforts to improve the level of customer participation in its conservation and energy-efficiency programs. Participation levels and Southwest Gas' related spending on Commission-approved

conservation and energy-efficiency programs have generally increased since 2009. In Year One of its EE & RET Plan Southwest Gas spent approximately 94% of its \$4.7 million budget, and in Year Two the Company spent approximately 96% of this same budget amount. The Company is continuing with efforts to reach its \$4.7 million budget for Year Three before the end of the plan year.

12. Based on program participation during recent years, Southwest Gas anticipates spending approximately \$4.7 million during the rate effective period – April 1, 2015 through March 31, 2016. This anticipated level of spending is derived from Southwest Gas' current Commission-approved conservation and energy-efficiency program budget and the direction provided to the Company in Decision Nos. 73229 and 73231. Attached hereto as Exhibit A is the computation of the proposed rate for the DSM adjustor mechanism to reflect Southwest Gas' current authorized level of spending. Based on the current declining under-recovery in the DSM adjustor balancing account and the anticipated spending level of approximately \$4.7 million, Southwest Gas requests that the DSM rate be decreased from \$0.01 to \$0.00838 per therm.

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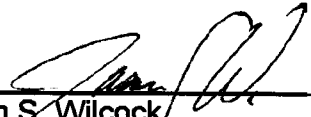
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Conclusion

13. Southwest Gas projects that the under-recovery in the DSM adjustor mechanism balancing account will be approximately \$221,000 by the end of March 2015. As the Company expects that it will continue to spend nearly its entire authorized \$4.7 million budget during the rate effective period, Southwest Gas respectfully requests that the Commission revise the DSM rate downward to \$0.00838 per therm.

Respectfully submitted this 30th day of January 2015.

SOUTHWEST GAS CORPORATION



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**SOUTHWEST GAS CORPORATION
ARIZONA
CALCULATION OF DEMAND SIDE MANAGEMENT (DSM) SURCHARGE**

Line No.	Description (a)	Therms (b)	Amounts (c)	Line No.
1	2015 Projected Program Costs (Based on approved budget for EE & RET Program Year 4 in Docket No. G-01551A-13-0170)		\$ 4,700,000	1
<u>Adjustments to calculate new DSM Surcharge</u>				
2	DSM Balancing Account Balance @ December 31, 2014		821,884	2
3	Estimated Surcharge Recoveries, January - March, 2015		(2,292,664)	3
4	Estimated Surcharge Accruals, January - March, 2015 [1]		<u>1,691,579</u>	4
5	Total to be Recovered		\$ 4,920,799	5
6	Less: Low-Income Recoveries, Therms X \$0.00200 per Therm [2]	10,261,318	<u>20,523</u>	6
7	Non-Low-Income Amount to be Recovered		\$ 4,900,276	7
8	Non-Low-Income DSM Therms applicable to Surcharge [2]	584,775,930		8
9	DSM Surcharge Rate Per Therm		<u>\$ 0.00838</u>	9

[1] Estimated remaining Program Year 3 expenditures for 1st Quarter 2015

[2] 2014 Volumes (See Sheet 4).

**SOUTHWEST GAS CORPORATION
ARIZONA
ESTIMATED SURCHARGE RECOVERIES**

Line No.	Description (a)	Projected Volumes [1] (b)	Surcharge Per Therm (c)	Estimated Recovery (d)	Line No.
<u>Low-Income Volumes</u>					
1	January-2015	2,266,978	\$ 0.00200	\$ 4,534	1
2	February-2015	1,613,859	0.00200	3,228	2
3	March-2015	1,010,741	0.00200	2,021	3
		<u>4,891,578</u>		<u>\$ 9,783</u>	
<u>Non-Low-Income Volumes</u>					
4	January-2015	98,187,176	\$ 0.01000	\$ 981,872	4
5	February-2015	74,574,042	0.01000	745,740	5
6	March-2015	55,526,857	0.01000	555,269	6
		<u>228,288,075</u>		<u>\$ 2,282,881</u>	
7	Total	<u>233,179,653</u>		<u>\$ 2,292,664</u>	7

[1] 2014 actual volumes are used for projected volumes

SOUTHWEST GAS CORPORATION
ARIZONA
DSM AND CONSERVATION AND ENERGY EFFICIENCY PROGRAMS
EXPENDITURES BY MONTH
FOR THE TWELVE-MONTHS ENDED DECEMBER 2014

Line No.	Description (a)	Low-Income Energy Conservation Bill Assistance (b)	Weatherization (c)	Smarter Greener Better Homes (d)	Solar Thermal Rebates (e)	Commercial (Business) Rebates (g)	Custom Commercial (Business) Rebates (h)	Distributed Generation (i)	Residential Rebates (j)	Total (k)	Line No.
1	January-2014	\$ -	\$ 3,250	\$ 406,677	\$ 32,126	\$ 26,129	\$ 15,916	\$ -	\$ 25,683	\$ 509,781	1
2	February-2014	-	183,912	75,600	62,395	35,528	6,396	3,515	55,222	422,568	2
3	March-2014	-	-	-	23,243	18,978	4,414	1,996	7,515	56,146	3
4	April-2014	-	531	28,755	(12,146)	26	1,731	538	-	19,435	4
5	May-2014	-	2,835	292,000	7,493	-	233,848	52,402	(155)	588,423	5
6	June-2014	20	74,020	35,928	-	-	-	650	-	110,618	6
7	July-2014	199,981	281	221,951	-	-	-	491	-	429,522	7
8	August-2014	(3,655)	181,399	464,100	6,818	-	-	-	(53)	649,601	8
9	September-2014	-	(28,772)	170,367	4,658	-	3,152	-	(40)	169,785	9
10	October-2014	-	80	145,218	6,230	-	11,000	11,000	11,023	201,234	10
11	November-2014	-	-	217,650	33,587	-	9,898	1,428	-	224,263	11
12	December-2014	-	3,603	58,269	5,737	-	876	-	(11,023)	95,679	12
13	Total	\$ 196,346	\$ 421,139	\$ 2,116,515	\$ 204,096	\$ 80,661	\$ 293,245	\$ 76,881	\$ 88,172	\$ 3,477,055	13

**SOUTHWEST GAS CORPORATION
ARIZONA
VOLUMES APPLICABLE TO DSM SURCHARGE**

Line No.	Jan-14 (a)	Feb-14 (b)	Mar-14 (c)	Apr-14 (d)	May-14 (e)	Jun-14 (f)	Jul-14 (g)	Aug-14 (h)	Sep-14 (i)	Oct-14 (j)	Nov-14 (k)	Dec-14 (l)	Total (m)	Line No.	
1	Therms	102,468,107	78,802,323	59,420,607	50,732,917	43,716,921	38,451,279	34,924,054	33,851,141	35,145,314	37,986,970	46,508,509	72,372,611	634,380,753	1
Exempt Contracts															
2	47014B	55,000								8,000	100,000	160,000	105,000	428,000	2
3	44002S	212,123	187,092	197,599	190,942	175,095	200,691	207,868	203,557	194,771	197,636	193,231	211,690	2,372,295	3
4	32003T	75,640	57,120	70,990	66,600	86,490	84,300	74,400	68,730	85,250	46,660	50,000	59,930	826,110	4
5	32004T	224,430	180,510	221,030	211,150	185,430	190,850	213,060	202,180	192,900	221,030	199,200	184,420	2,426,190	5
6	32019B	-	11,730	610,820	1,201,200	1,186,000	996,110	1,039,380	1,297,050	1,145,000	1,111,150	1,230,000	1,158,790	10,987,230	6
7	48007O	66,000	774,000	335,000	49,000	99,000	1,138,000	486,000	643,000	1,157,000	1,653,000	49,000	47,000	6,496,000	7
8	42003T	47,700	48,050	47,630	47,680	44,740	48,000	47,740	47,680	48,000	47,740	47,190	47,100	569,250	8
9	42005T	145,190	142,070	137,170	133,730	129,450	129,840	129,120	139,950	140,010	137,540	100,200	106,980	1,571,250	9
10	42164T	273,710	277,730	303,590	316,600	331,090	280,970	301,630	221,060	236,910	209,640	214,000	173,470	3,140,400	10
11	42036B	69,900	77,940	77,930	99,080	127,910	102,550	128,490	168,300	116,320	118,780	106,800	137,990	1,331,990	11
12	42037B	844,260	858,180	881,250	883,580	890,160	749,700	705,400	610,650	585,740	653,320	727,730	804,820	9,194,790	12
13	Total Exempt	2,013,953	2,614,422	2,883,009	3,199,562	3,255,365	3,921,011	3,333,088	3,602,157	3,909,901	4,496,496	3,077,351	3,037,190	39,343,505	13
14	Low-Income	2,266,978	1,613,859	1,010,741	736,826	574,651	474,288	402,637	374,904	401,303	423,625	618,559	1,362,947	10,261,318	14
15	Total	98,187,176	74,574,042	55,526,857	46,796,529	39,886,905	34,055,980	31,188,329	29,874,080	30,834,110	33,066,849	42,812,599	67,972,474	584,775,930	15

**SOUTHWEST GAS CORPORATION
ARIZONA
MONTHLY DSM PROGRAM ACCOUNT ACTIVITY**

Line No.	Description (a)	Expenditures (b)	Recoveries (c)	Interest (d)	Refunds (e)	Ending Balance (f)	Line No.
1	Ending Balance, per books, 12/31/2013					\$ 2,898,443	1
2	January-2014	\$ 509,781	\$(1,016,717)	\$ (191)		\$ 2,391,316	2
3	February-2014	422,568	(579,011)	239		2,235,112	3
4	March-2014	56,146	(432,167)	224		1,859,315	4
5	April-2014	19,435	(425,780)	201		1,453,171	5
6	May-2014	588,423	(397,925)	133		1,643,802	6
7	June-2014	110,618	(340,263)	137		1,414,294	7
8	July-2014	429,522	(312,630)	120		1,531,306	8
9	August-2014	649,601	(299,024)	140		1,882,023	9
10	September-2014	169,785	(306,973)	173		1,745,008	10
11	October-2014	201,234	(333,533)	160		1,612,869	11
12	November-2014	224,263	(428,752)	134		1,408,514	12
13	December-2014	95,679	(682,462)	153		821,884	13
14	Annual Total	<u>\$ 3,477,055</u>	<u>\$(5,555,237)</u>	<u>\$ 1,623</u>	<u>\$ -</u>	<u>\$ 821,884</u>	14